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ENGINEERING ENTREPRENEURSHIP IN SINGAPORE

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Inderjit Singh became a millionaire entrepreneur in risk-averse Singapore. All it takes to follow in his footsteps, he says, is a mindset change

In February 2016, privately-held semiconductor company United Test & Assembly Center (UTAC) opted for a U.S. listing, nine years after it was delisted from the Singapore Exchange following the acquisition by private equity firms Affinity Equity Partners and TPG Capital. Singapore-based UTAC had posted revenues of US\$679.1 million for the financial year of 2015, but incurred a net loss of US\$116 million on the back of challenging market conditions.

With hundreds of millions of dollars on the line, the UTAC listing could affect the careers and livelihoods of many people. But according to the company's founder, UTAC almost never came to be.

"When I started UTAC, everyone thought I was crazy," recalls **Inderjit Singh**, who started the company in 1997 after thirteen years at semiconductor heavyweight Texas Instruments. "At that point in time, the entire semiconductor industry was doing badly; everyone was losing money. I saw value in starting a company at the bottom of the cycle and be prepared for the upturn instead of starting out when everyone is doing really well – everything will just go down very quickly from there."

SEED MONEY, SEEDS OF DOUBT

Singh was recounting his experience at the recent SMU Institute of Innovation and Entrepreneurship talk "*The Art and Science of Entrepreneurship: Entrepreneurship as a means of personal and national growth*". Where people saw crisis, Singh saw opportunity. But when he went to the Singapore government for funding help to start UTAC, he got a collective, unequivocal "no".

“None of the civil servants believed I could make it,” says Singh. “There was the Asian Financial Crisis, and EDB (Economic Development Board of Singapore) could not find investments for Singapore. EDB did not believe I could raise that kind of money, and they gave me a really difficult time.”

He continues, “The US\$138 million I eventually raised in the seed stage, I got it in Taiwan. I wanted to raise US\$100 million – I made one presentation, and I got more than I wanted. I had to turn away some of the Taiwanese investors and told them, ‘Sorry, this is a Singaporean company and the majority of the capital has to be Singaporean money.’

“I came back to Singapore and when Temasek saw that I had raised so much money they wanted to invest in UTAC.”

Singh also illustrated the civil service’s tendency to play it safe, albeit at the risk of missing out on a big payoff.

“When I was at Texas Instruments, I ran the entire operation doing research, testing, and packaging. When I applied for government funding for two or three million dollars, the government officers would say to me, ‘Why don’t you apply for ten million dollars? I could have given you that much.’

“When I applied for the same thing at UTAC, they refused to give me any money. And I had the same team working for me because I brought them over from Texas Instruments. When they finally agreed to give me some money for R&D, the conditions were so onerous that I said, ‘You keep your money. I’ll find my own funding.’

ANCHORING SINGAPORE

While Taiwan played a big part in his success as an entrepreneur, Singh warns it is a cautionary tale of what could happen if the same risk aversion that forced him to raise funds there does not change.

“Taiwanese engineers are making the same salary as they did 10, 15 years ago,” Singh states, highlighting the widespread wage stagnation on the island. “They don’t have the local companies to anchor them and give them the well-paying jobs. Taiwan developed a lot of good companies but they moved out very quickly to China and elsewhere.

“If we are not careful, 30 years down the road, Singapore could face the same problem. If you look around, there aren’t too many Singaporean companies that can anchor the economy. Creative Technologies is there, and there’s UTAC and a few others, but there aren’t many.”

He adds, “We had this idea of a corporate-based economy where big corporates drive the economy. We thought we could continue to build the economy that way indefinitely but we realised that the cycles were getting shorter and shorter, and MNCs were leaving. They weren’t leaving just because they wanted to leave. It’s because, around the region, places such as Shanghai are as good a financial centre as Singapore, while Vietnam has industrial parks.

“These places were all cheaper than us. Could we, therefore, continue to depend on the old model of economic development? We realised that we could not. We realised we needed to be more entrepreneurial.”

"THERE IS NO PROBLEM THAT CANNOT BE SOLVED"

To that end, Singapore has worked to create a conducive environment for entrepreneurs by easing bankruptcy laws and beefing up grants for businesses. For Singh, the most important thing was changing mindsets.

"In the past, when you had an idea and you wanted to get a grant from a government body the first thing that came out of the civil servant in charge was, 'Sorry, cannot be done.' The default answer was 'no', so we worked to change it to 'Yes but show me how you plan to be successful.'"

"To be frank with you, I spent 13 years at Texas Instruments and I operated like an entrepreneur when I was there," says Singh, who went on to serve 19 years as a Member of Parliament from 1996 to 2015. "I realised that entrepreneurship was a mindset thing. If we can get our mindset right, it doesn't matter whether you are a politician or a teacher; whatever you do, you can make a big difference."

Even with the right mindset, how does one overcome a seemingly impossible problem?

"There is no problem that cannot be solved," Singh stresses. "When you find yourself in a difficult position choosing between two solutions that are as good as the other, just choose one. If it doesn't work, adjust along the way instead of being crippled by indecision."

"When I was an engineer, management would send me to the department with a seemingly impossible problem and I would solve it. I work with the belief: there is no problem that cannot be solved."